



CHARTWELL ANNOUNCES FIRST QUARTER 2020 RESULTS

MISSISSAUGA, ONTARIO – May 7, 2020 – Chartwell Retirement Residences (“Chartwell”) (TSX: CSH.UN) announced today its results for the first quarter ended March 31, 2020.

- Infection control practices in place that meet or exceed public health guidelines.
- Personal protective equipment secured to protect residents and staff.
- April and May rent substantially collected in line with past experience.
- At May 7, 2020, liquidity⁽¹⁾ amounted to \$363.3 million, which included \$173.3 million of cash and cash equivalents.

“Today more than ever, Chartwell’s top priority is the safety and well-being of our residents and staff and we are grateful to our team of 15,000 employees for their tremendous efforts, commitment and dedication to our residents and their families,” commented CEO, Vlad Volodarski. “The expertise and depth of our management teams, who have been working tirelessly to care for our residents during this unprecedented pandemic, is evidence of the value of our platform. Our operational priorities are to continue to support our residences by ensuring that our investments in personal protective equipment for our staff, and enhancements to both our existing training and education programs and infection control measures, are deployed effectively across our residences.

“In order to further augment support to our residents during this challenging time and to alleviate the increased workload of our staff resulting primarily from heightened safety measures, we have launched a new recruitment campaign,” continued Mr. Volodarski. “In addition, our strong corporate support has enabled new operational standards to support physical distancing across our residences while ensuring our residents receive the care and services they need. Our staff is using new, creative ways to keep our residents safe, healthy and engaged in this new environment, including the use of telehealth and videoconferencing with families. Every day, our staff is inspiring each other, our residents and their families with their creativity and dedication.

“Our corporate care team is using its expertise to operate a 24/7 Hotline to support our retirement and long term care residences. Despite the significant disruption in supply, we have been successful in sourcing personal protective equipment and, working with various provincial governments and other industry participants, we are protecting our employees and residents with this equipment at all of our residences. In our efforts to protect our residents, their families and staff, we strictly follow and in some cases exceed the requirements and guidelines of public health authorities.”

Q1 2020 Summary

- Same property adjusted net operating income (“NOP”)⁽¹⁾ up 0.3% in Q1 2020
- Funds from operations (“FFO”)⁽¹⁾ down 3.7% in Q1 2020

Financial Summary

(\$000s, except per unit amounts and number of units)	Three Months Ended March 31	
	2020	2019
Resident revenue	\$ 218,884	\$ 209,884
Direct property operating expense	\$ 150,719	\$ 144,164
Net income	\$ 11,394	\$ 14,951
FFO ⁽¹⁾	\$ 45,325	\$ 47,083
FFO per unit ⁽¹⁾	\$ 0.21	\$ 0.22
Weighted average number of units outstanding (000s) ⁽²⁾	217,522	215,343

In Q1 2020, resident revenue increased 4.3% due to acquisitions and developments and revenue growth in our same property portfolio, inclusive of \$0.7 million in revenue recognized for funding provided to defray additional expenses incurred related to COVID-19.

In Q1 2020, direct property operating expenses increased 4.5% due to acquisitions and developments, including pre-leasing and initial operating costs, and increased expenses in our same property portfolio, inclusive of \$1.2 million of additional expenses invested to reduce and prevent the spread of COVID-19 and \$0.8 million related to the additional day in Q1 2020.

In Q1 2020, net income was \$11.4 million compared to \$15.0 million in Q1 2019. The decrease in net income was primarily due to higher direct property operating expenses, finance costs, depreciation and amortization expenses, a remeasurement gain recorded in Q1 2019 and impairment losses, partially offset by higher revenues and deferred tax benefit.

In Q1 2020, FFO decreased \$1.8 million primarily due to higher finance costs, depreciation of property, plant and equipment and amortization of intangible assets used for administrative purposes and general administrative and Trust (“G&A”) expenses, partially offset by higher management fees and adjusted NOI⁽¹⁾.

Operating Performance

(\$000s, except occupancy)	Three Months Ended March 31		
	2020	2019	Change
Same property occupancy ⁽³⁾	89.4%	90.7%	(1.3pp)
Same property adjusted NOI	\$ 73,899	\$ 73,703	\$ 196
G&A expenses	\$ 13,128	\$ 12,749	\$ 379

In Q1 2020, same property occupancy declined by 1.3 percentage points primarily due to competitive pressures from new developments in certain markets and reduced move-in activity in the latter half of March 2020 as a result of the COVID-19 pandemic.

In Q1 2020, same property adjusted NOI increased by \$0.2 million or 0.3%, driven primarily by regular annual rental rate increases in line with competitive market conditions, timing of certain expenses, partially offset by lower occupancies and higher staffing costs. In addition, same property adjusted NOI includes \$0.6 million of revenue and \$1.1 million of direct operating expenses related to COVID-19 and \$0.8 million of expenses due to an additional day in Q1 2020.

In Q1 2020, G&A expenses increased by \$0.4 million primarily due to regular inflation in staffing costs, a contractually determined payment on retirement of the former President & CEO, partially offset by the timing of expenses, lower non-cash compensation costs as a result of changes in value of our Trust Units and lower lease expenses.

Financial Position

At March 31, 2020, liquidity ⁽¹⁾ amounted to \$340.9 million, which included \$131.6 million of cash and cash equivalents and \$209.3 million of available borrowing capacity on our credit facilities. In addition, Chartwell’s share of cash and cash equivalents held in its equity-accounted joint ventures was \$7.1 million.

The interest coverage ratio ⁽¹⁾ on a rolling 12-month basis remained strong at 3.2 at March 31, 2020 compared to 3.1 at December 31, 2019. The net debt to adjusted EBITDA ratio ⁽¹⁾ at March 31, 2020 was 8.4 compared to 8.3 at December 31, 2019.

Recent Developments

On March 16, 2020, Chartwell announced a temporary suspension of its Distribution Reinvestment Plan (“DRIP”) program commencing after the distribution payable to unitholders of record at March 31, 2020.

Restrictions on essential visitors during this pandemic are expected to have a negative impact on our occupancy levels as we are not currently permitting visits by or on behalf of prospective residents. We continue to believe that occupancy in our retirement residences will be temporarily affected as a result of reduced move-in activity. Move-out activity is slightly below prior year levels at this time. The following table provides an update in respect of our same property retirement occupancy:

	One month ended January 31, 2020	One month ended February 29, 2020	One month ended March 31, 2020	One month ended April 30, 2020
Same property occupancy	88.4%	88.0%	87.4%	85.7%

In the month ended April 30, 2020, same property occupancy declined by 1.7 percentage points compared to the month ended March 31, 2020, primarily due to reduced move-in activity partly offset by slightly lower move-out activity. Our tenant credit quality remains strong given the typical investment profile of Canadian seniors in our target customer demographic. Substantially all April and May rent and service revenues have been collected, consistent with our past experience.

Our Ontario long term care residences are either currently operating above 97% occupancy, or in the case of a home experiencing an outbreak, were operating above 97% occupancy prior to the outbreak and, as such, their funding is expected to be preserved at 100%. In addition, the Ontario government recently announced further funding protection policies in respect of both basic and in some cases preferred accommodation revenues which are retroactive to March 23, 2020.

At May 7, 2020, liquidity⁽¹⁾ amounted to \$363.3 million, which included \$173.3 million of cash and cash equivalents and \$190.0 million of available borrowing capacity on our credit facilities. In addition, Chartwell’s share of cash and cash equivalents held in its equity-accounted joint ventures was \$12.9 million. We expect to be able to meet all of our obligations as they become due utilizing primarily the following sources of liquidity: (i) cash flow generated from our operations, (ii) property-specific mortgages, and (iii) secured and unsecured credit facilities. The COVID-19 pandemic has introduced significant uncertainties and we continue to monitor the situation closely.

On April 1, 2020, Chartwell completed the previously-announced sale of four Ontario long term care residences (299 beds) (the “Four LTC Residences”) for \$13.6 million. Chartwell has retained the obligation to remediate the lands at one of the Four LTC Residences. While the land is being remediated, Chartwell will retain the ownership of the land and will receive rent in the amount of \$0.7 million, in aggregate.

On April 8, 2020, Chartwell completed the sale of one non-core retirement residence located in Quebec for \$6.7 million. The mortgage related to this property of \$6.4 million was discharged on closing.

On May 1, 2020, Chartwell acquired an 85% interest in Chartwell L’Unique III in St. Eustache, Quebec from Batimo Inc. (“Batimo”). Batimo retained the remaining 15% interest in the project. The contractual purchase price of \$32.6 million was settled by the assumption of a mortgage of \$16.9 million, the settlement of Chartwell’s mezzanine and bridge loans of \$2.7 million and \$0.5 million, respectively, and the remaining balance, net of working capital adjustments, was paid in cash.

Investor Conference Call

A conference call hosted by Chartwell’s senior management team will be held **Friday, May 8, 2020 at 10:00 AM ET**. The telephone numbers for the conference call are: **Local: (416) 406-0743** or **Toll Free: (800) 806-5484**. **The passcode for the conference call is: 3733192#**. The conference call can also be heard over the Internet by accessing the Chartwell website at www.chartwell.com, clicking on “Investor Relations” and

following the link at the top of the page. A slide presentation to accompany management's comments during the conference call will be available on the website. Please log on at least 15 minutes before the call commences.

The telephone numbers to listen to the call after it is completed (Instant Replay) are: Local 905-694-9451 or Toll-Free 1-800-408-3053. The Passcode for the Instant Replay is 8826719#. These numbers will be available for 30 days following the call. An audio file recording of the call, along with the accompanying slides, will also be archived on the Chartwell website at www.chartwell.com.

Footnotes

- (1) FFO, FFO per unit, same property adjusted NOI, adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio are measures used by management in evaluating operating and financial performance. Please refer to the cautionary statements under the heading "Non-GAAP Financial Measures" in this press release.
- (2) Includes Trust Units, Class B Units of Chartwell Master Care LP, and Trust Units issued under Executive Unit Purchase Plan and Deferred Trust Unit Plan.
- (3) 'pp' means percentage points.

COVID-19 Risk Factors

Please refer to the Q1 2020 MD&A to review risk factors to Chartwell relating to COVID-19.

Forward-Looking Information

This press release contains forward-looking information that reflects the current expectations, estimates and projections of management about the future results, performance, achievements, prospects or opportunities for Chartwell and the seniors housing industry. Forward-looking statements are based upon a number of assumptions and are subject to a number of known and unknown risks and uncertainties, many of which are beyond our control, and that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking statements. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. These factors are more fully described in the "Forward-Looking Information and COVID-19 Risks" section in Chartwell's Q1 2020 MD&A, the "Risks and Uncertainties" section in Chartwell's 2019 MD&A, and in materials filed with the securities regulatory authorities in Canada from time to time, including but not limited to our most recent Annual Information Form.

Non-GAAP Financial Measures

Chartwell's condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Management uses certain financial measures to assess Chartwell's operating and financial performance, which are measures not defined in generally accepted accounting principles ("GAAP") under IFRS. The following measures: FFO, FFO per unit, same property adjusted NOI, liquidity, interest coverage ratio and net debt to adjusted EBITDA ratio as well as other measures discussed elsewhere in this release, do not have a standardized definition prescribed by IFRS. They are presented because management believes these non-GAAP financial measures are relevant and meaningful measures of Chartwell's performance and as computed may differ from similar computations as reported by other issuers and may not be comparable to similarly titled measures reported by such issuers. For a full definition of these measures, please refer to the Q1 2020 MD&A available on Chartwell's website and at www.sedar.com.

About Chartwell

Chartwell is an unincorporated, open-ended real estate trust which indirectly owns and operates a complete range of seniors housing communities, from independent supportive living through assisted living to long term care. It is the largest operator in the Canadian seniors living sector with over 200 quality retirement communities in four provinces including properties under development. Chartwell is committed to its vision of Making People's Lives BETTER and to providing a happier, healthier and more fulfilling life experience for its residents. For more information, visit www.chartwell.com

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